

**Appendix C to Part 37-What is the Desired Coverage for
Periodic Audits of For-Profit Participants to be
Audited by IPAs?**

You may provide the following guidance to a for-profit participant and its IPA on the desired coverage of periodic audits.

COVERAGE OF INDEPENDENT AUDITS OF FOR-PROFIT FIRMS

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Part 1. General Information

What is the purpose of this document?

Why does the Federal Government need an audit?

Can the audit be integrated with the regular audit of a firm's financial statements?

What are the objectives of the audit?

What is the source of the requirement for the audit?

What should the IPA do if he or she finds that the Defense Contract Audit Agency is performing audits of the firm?

Part 2. Audit Objectives and Compliance Requirements

A. Allowable Costs

What is the objective of this portion of the audit?

What standards or cost principles determine the costs that are allowable as charges to the award?

What compliance requirements for the allowability of costs should the audit address?

B. Cost Sharing

What is the objective of this portion of the audit?

What are the compliance requirements for cost sharing?